



### Project Summary

My thesis investigates two key questions of contemporary political economy. The first relates to the relationship between foreign direct investment (FDI) and host country's economic, political and legal institutions. The second relates to the complex interplay between economic growth, income inequality and poverty. The thesis is composed of five chapters, three of which are empirical.

### Aims and Objectives 1

I focus on low and middle-income countries, and investigate the relationship between political stability, property rights and foreign investment in resource rich economies. We employ system GMM to control for endogeneity and reverse causality and we analyse the interplay between natural resource endowments and institutions. The results provide broad support for the argument developed in the paper that the presence of natural resource affects the institutions–FDI relationship. We find a trade-off between the good institutions versus natural resources. Our results indicate that the sensitivity of foreign investors to local institutions varies across countries and types of investments.

### Aims and Objectives 2

I employ the System GMM estimator to investigate the poverty responsiveness to growth in a panel of 111 countries observed at three-years intervals from 1981 to 2005. In particular, I assess the direct and indirect effect on poverty change of initial poverty, initial inequality and other relevant factors that might complement economic growth for reducing poverty. More in detail, I consider the interaction between the aforementioned variables and the mean income change. This is to take into consideration the role that these variables have in shaping the growth-poverty relation. Overall the results provide new empirical evidence that the ability of the poor to participate in economic growth depends on the presence of some enabling conditions (Sen 2000). In this instance economic growth and consumption boosting alone are unlikely to address poverty reduction. By saying that initial disadvantage decreases the poverty elasticity to growth, we are confirming that poverty reduction is harder to achieve the higher is the poverty level, and therefore poverty may tend to perpetuate underdevelopment (Azariadis and Stachurski 2006).

### Outcomes and Impacts

1. Academia. My research will be of benefit to scholars working in the fields of development and political economy and political science..  
2. Non-academic. The research is also relevant to policymakers. The research brings a conceptual and empirical analysis of the complex interaction between multinational organizations and political, legal and economic institutions of the host countries. Practitioners at the heart of government, and policy makers working for international organization will benefit from this theoretical and empirical analysis. The study informs on the role of FDI in developing countries and such research will be helpful to policy makers that aim to assess either what institutions attract foreign investor or in what ways FDI influence host countries institutions.

### Research Outputs

FDI, Political Stability, Property Rights and Natural Resources  
Economic Growth, Poverty and Inequality: What macro data tells

### Further Research

Investigate the effect of Multinational Business and Foreign Direct Investment on conflict and peace building.  
Explore what affect the impact of income inequality on poverty reduction (eg. The determinants of the poverty elasticity to inequality)

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